GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3155
ANSWERED ON:08.12.2000
CRITERIA FOR PROVIDING TAX HOLIDAY
HARIBHAI PARTHIBHAI CHAUDHARY;MANSUKHBHAI D. VASAVA

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have considered the proposal of the Gujarat Government regarding treating taluk instead of district as a criteria for determining backwardness for the purpose of providing tax holiday;

(b) if so, the details thereof; and

(c) the reaction and the decision of the Union Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (GINGEE N. RAMACHANDRAN)

(a)&(b): Suggestions have been received from time to time from various State Governments to consider`taluka` as a basis for determining backwardness instead of `district` for allowing tax holiday to industrial units set up in these areas under the Income-tax Act.

(c): The Review Study Group constituted in November, 1995 considered the same, but on the basis of the recommendations of the Dr. Sankar Acharya Committee on fiscal incentives on industrialization of backward areas, the Review Group proposed to adopt `district` as the basic unit for determining industrial backwardness as the identification for smaller units like `talukas` will neither be possible nor desirable.